

Minutes of the board meeting of 16 August 2001 at Co-operative Purchasing Services Ltd

Attendance: David Griffiths, Neil Black, Chris Greenwood, Peter Jamieson, John Luckman, Val Ogier and Graeme Charles,
Apology: Tony O'Shea

Strategic Plan

There was a brief discussion on the Review of the 1998-2000 Strategic Plan and the proposed 2001-03 Strategic Plan and the Federation's Mission and Objectives.

It was agreed to, instead, have an open discussion about the Federation's services and activities.

It was noted that the priorities were:

- Serving and responding to member queries.
- The Co-op Advantage Developing Directors Kit and Workshop program
- The Co-op Start-Up Kit and workshops.
- The Monash Agribusiness Seminar

Victorian Co-operative News

The Chairman reported on the VCN survey:

Number of co-operatives interviewed: 38

This represents a 59.375% response rate compared with the 20-25% response rate for previous surveys and the 2% response rate for the NCU survey.

Approximate annual subscription income from co-ops interviewed: \$18,550

He reported the following findings:

38 (92.68%) reported copies were distributed to directors.

12 rated VCN as very easy to read and 25 (60.98%) as easy to read and 7 (17.07%) rated NCU as very easy to read and 29 (70.73%) as easy to read.

31 (75.61%) reported that VCN keep them informed about the activities of VCN and 2 (4.88%) as sometimes

23 (56.10%) reported that VCN mostly keep them adequately informed of the activities of Government and 9 (21.95%) sometimes

The Chairman suggested that the following issues had emerged from the survey:

- Current member benefit arrangement were only sustainable in the short-term until next year - \$150 per co-operative member irrespective of their subscription level e.g. approximately 22 co-operative members paid less than \$150.
- Existing contracted funding arrangement with Words in Time to stay in place until current funds exhausted.
- There was a need to negotiate with Words in Time the possibility of different product outcomes i.e. the number of copies distributed to co-operatives and the frequency of publication.
- The Secretary to undertake a telephone survey of non-member co-operatives who received the Victorian Co-operative News.
- The need to rejig the content of VCN.

Resolved that Chris Greenwood will develop a communications strategy in consultation with the Chairman and Executive Officer.

Action List

The Chairman noted that the Action List had been circulated with the agenda and papers for the meeting.

Rule Changes

Proposed new Rule 44 was amended, put to the vote and defeated:

- (1) In the absence of a director from a meeting of the board, the board may appoint a person other than an existing director to act as a deputy for that director.
- (2) A person appointed under sub-rule (1) must either -
 - (i) be a member, if the absent director is a member;
 - (ii) be a representative of a body corporate, if the absent director is a representative of that body corporate;
 - (iii) be an employee of the Federation.
- (3) A person appointed as deputy may act in the place of the director for whom he or she is deputy.
- (4) The other members of the board may by a majority vote remove a deputy director from office.
- (5) A deputy director vacates office -
 - (a) if the deputy director is removed from office under this rule; or
 - (b) if the director for whom he or she is deputy ceases to hold office;
or
 - (c) if the deputy director dies; or
 - (d) if the deputy director resigns.
- (6) A deputy director while acting as a director is entitled to the same remuneration as that to which the director for whom he or she is deputy would have been entitled.
- (7) There shall be a limit of up to two deputy directors at any one board meeting.

Rules 35, 37, 38 and 40 were put to the vote and passed on the understanding that 38 would be amended to secure three year terms and that directors would have to stand for election at the end of their term of office and that the quorum for board meetings would be changed from five to four.

Delete Rule 35 (1) and insert the following:

- (1) As from the Annual General Meeting in 2001, there shall be a board of five ordinary directors and one independent director appointed under Rule 37.

In Rule 37 (1) delete the words "or two independent directors" and insert "independent director."

Delete Rule 37 (2)

Delete rule 38 and insert the following:

- (1) At each Annual General Meeting, two directors are to retire provided that at the Annual General Meeting in 2001 three directors shall retire.
- (2) The directors to retire under rule 38 (1) shall be (a) any director who is required to retire under rule 41, and (b) where there are no or less than two directors retiring under paragraph (a) the director or directors who have been longest in office since his/her last election.
- (3) Where two or more directors were elected or appointed the same day for the purpose of rule 38 (2) (b) the director(s) to retire shall be as agreed between those directors or, failing any agreement, as determined by lot.
- (4) A retiring director retains office until the close of the meeting at which his or her successor is elected.
- (5) If a director (other than an independent director) remains the accredited delegate of a member, subject to these rules, he/she will be eligible for election.
- (6) At least sixty days before an Annual General Meeting, a retiring director (other than an independent director) who wishes to renominate must obtain from the member, who nominated him/her, confirmation that he/she remains the member's accredited delegate.

Rules 6, 7, 9, 16, 18, 20 and 30 were put to the vote and carried

In 6.1 and 7.5 (b), 9 first sentence and (d), 16 (1), 18 (4) (a) and (5) (a) and (b), 20, 30 (2) substitute the words "person" with the word co-operative.

Amend 25 (1) (d) by deleting the words "for the current financial year."

Rule 30 was put to the vote and carried:

That the words "delegate of a" be inserted between "A" and "member".

New Members and Delegates

Resolved to accept the following new members for membership and allocate shares accordingly:
Pyrenees Hay Processing Co-operative Ltd
Pyrenees Store Co-operative Ltd

Resolved that John Field be appointed a delegate for the Pyrenees Hay Processing Co-operative Ltd

Resolved that David Clarke be appointed a delegate for the Pyrenees Store Co-operative Ltd

Receipts and Expenditure

Resolved that the Financial Statement 1 July – 31 July 2001 be accepted.

Accounts for payment

Resolved to accept the report dated 16 August 2001 for accounts paid since last board meeting and accounts for payment.

CBAV

The Chairman reported that CBAV had set aside \$25,000 for 2001-02 and was interested in supporting two or three projects:

- A co-operative manual for Co-operative Secretaries and Directors.
- Director training facilitation.
- Continuation of support for the Victorian Co-operative News pending the outcome of a readership survey.

It was agreed to advertise for an expression of interest in working with the CFV in the development of the Co-operative Manual. It was agreed that the Chairman would prepare a draft for consideration at the next board meeting.

Correspondence

The Executive Officer tabled a list of correspondence received and outgoing dated 16 August 2001.

The Chairman noted that the letter to CDS Ltd had not yet been sent but that he and the Executive Director had agreed on the content of the letter.

The Executive Officer reported that the Council of Ministers of Fair Trading and Consumer Affairs had made some decisions based on the report by the Co-operative National Working Party – inclusion of capital credit units, mutual recognition replacing foreign registration and template legislation instead of core consistent provisions.

He said that the Co-operative Council of Australia would meet with the Working Party on 19 September 2001 and that he would attend the meeting.

Resolved that the correspondence report be accepted.

Co-operative Development Services

Chris Greenwood raised questions about Co-operative Development Services (CDS) and whether the Chairman had written to the Minister for Small Business on the CDS fuel co-operative report.

The Chairman noted that as a courtesy the issue should have been raised with him before the meeting so that he could have been forewarned but he advised that no letter had been sent to the Minister for Small Business on the fuel co-operative study.

He said that he had provide comments to SED at the request of SED, that SED was working with CDS on the fuel co-operative study, that these comments had been copied to Mr. Geoff Millgate, the study liaison officer from Regional Development Victoria, and that no separate comments had been provided to Mr. Millgate or anyone else.

The comments made to SED follow:

Peter:

Following our brief conversation this morning:

Formation Decision

The first decision to be made by any group involves the formation decision - deciding on an appropriate business structure for achieving the object of the group. This requires a clear understanding of the benefits and limitations of different business models. A fuel co-operative could work, for instance, but it will generate a subsequent crisis if the largest users subsequently disagree with one vote per member irrespective of use i.e. they didn't understand or never agreed with co-operative philosophy and principles.

The Co-operative Federation of Victoria Ltd is developing a web site and this will include the following publications for new co-ops:

The Formation Decision

The Formation Process

The Formation Process

The Formation Publications

Co-operative education is a key to the co-operative formation decision and process. The Federation is in the process of publishing a Co-opAdvantage Developing Directors of Co-operatives Kit and organising a series of Introductory Workshops and communities interested in exploring the co-operative option, including fuel co-operatives, should attend the workshop and purchase the kit. We can arrange to organise workshops with and within local communities.

Co-operative Development

It is critical that in considering the formation of a co-operative that adequate consideration be given to co-operative development issues. yet they are critical to the development of any co-operative and its eventual success or failure. See, for example, the comments below on Numbers and Volume.

Numbers and Volume

Numbers and volume are critical to eventual bargaining power - rather than the establishment of a number of competing co-operatives with limited bargaining power. Key issues here are balancing local autonomy and identity with the relationship of numbers and volume with bargaining power. In the short-term numbers and volume may not be as critical as in the electricity market but in the longer-term it will become decisive with magnitude and longevity.

Co-operative Purchasing Services

CPS was established in 1989 - sponsored by the Municipal Association of Victoria. All local governments throughout Victoria are "members." There is a competing private purchasing scheme - MAPS.

In 1998/99 the value of purchases made through CPS suppliers was almost \$70 million. In effect CPS operates a supermarket or one-stop-shop catalogue with a huge range of goods and services including fuel, stationery, office furniture and equipment, motor vehicles and human resources. Members place their orders direct with CPS suppliers. CPOS has a reputation for its customer focus and innovation e.g Member Market.

It is a pleasure to hear that you are happy with the service.

If you would be pleased to provide more detailed comment and respond to any issues that you may wish to raise.

The Co-operative Federation of Victoria Ltd is supportive of appropriate co-operative development and its ongoing work includes co-operative formation.

The Chairman read a letter dated 11 July 2001 sent to Mr. John Endacott, Secretary, Co-operative Development Services Ltd:

Thank you for your letters of 6 June and 3 July 2001.

Letters and telephone calls from members are always appreciated.

In response to your board's request for an explanation, no criticism has been made to the Minister for Small Business on the fuel co-operative study. Your board, therefore, cannot be provided with an explanation for a criticism that was not made and an approach that did not occur.

If you wish to discuss this matter further I can be contacted directly on 03 07709916 between 7.00 a.m. and 11.00 p.m. weekdays and weekends.

The Executive Officer reported that he had written to CDS suggesting a meeting between board members of the Federation and CDS.

The Chairman noted that the nominated Federation board members were Chris Greenwood, Peter Jamieson and Tony O'Shea.

The Executive Officer reported that the response to his letter from CDS was to ask what was the purpose of the meeting and what was to be discussed. He said that at the last board meeting Tony O'Shea volunteered to contact CDS and establish whether or not they wished to have a meeting.

It was agreed that as a priority the Executive Officer would contact Tony O'Shea to establish whether or not contact had been made with CDS and, if not, did he wish to proceed as soon as possible or would Chris Greenwood or Peter Jamieson be asked to make the necessary contact.

Audit

The Executive Officer reported that he had not yet initiated the audit process.

It was agreed that this process should be proceeded with as soon as possible.

Annual General Meeting

Resolved to hold the AGM on 27 November 2001.

There was a brief discussion on the venue and two alternative suggestions to the RAV Club were proposed – the Tower Hotel in Hawthorn and the Wantirna Club.

It was also suggested that there could be an AGM lunch instead of dinner.

There was further consideration given to a guest speaker(s) and/or entertainer(s) e.g. the Warrnambool Co-operative Society Ltd on Co-op Card and their member survey.

It was agreed that directors would consider these issues for further discussion at the next board meeting.

Next Meeting: 10.30 am, 25 October 2001 at Co-operative Purchasing Services Ltd